

109TH CONGRESS  
1ST SESSION

# H. R. 66

To amend the Internal Revenue Code of 1986 to improve health care choice by providing for the tax deductibility of medical expenses by individuals.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2005

Mr. COX (for himself, Mr. CONYERS, Mr. AKIN, Mr. BARTLETT of Maryland, Mr. BARTON of Texas, Mr. BASS, Mr. BEAUPREZ, Mrs. BLACKBURN, Mrs. BONO, Mr. BOOZMAN, Mr. BOYD, Mr. BRADLEY of New Hampshire, Ms. GINNY BROWN-WAITE of Florida, Mr. BURGESS, Mr. BURTON of Indiana, Mr. CALVERT, Mr. CHOCOLA, Mr. COLE of Oklahoma, Mr. CUNNINGHAM, Mrs. JO ANN DAVIS of Virginia, Mr. LINCOLN DIAZ-BALART of Florida, Mr. DOOLITTLE, Mr. DUNCAN, Mr. EHLERS, Mr. FEENEY, Mr. FLAKE, Mr. FRANKS of Arizona, Mr. GARRETT of New Jersey, Mr. GILLMOR, Mr. GINGREY, Mr. GOODE, Mr. GRAVES, Mr. GREEN of Wisconsin, Mr. GUTIERREZ, Mr. HALL, Mr. HAYES, Mr. HEFLEY, Mr. HERGER, Mr. HOSTETTLER, Mr. ISSA, Mr. ISTOOK, Mr. JONES of North Carolina, Mr. KING of Iowa, Mr. MCCOTTER, Mr. McHUGH, Mr. MANZULLO, Mrs. MILLER of Michigan, Mr. MILLER of Florida, Mrs. MUSGRAVE, Mrs. MYRICK, Mr. NEUGEBAUER, Mrs. NORTHUP, Mr. OTTER, Mr. OWENS, Mr. PAYNE, Mr. PAUL, Mr. PEARCE, Mr. PENCE, Mr. PITTS, Mr. RADANOVICH, Mr. ROHRABACHER, Mr. ROYCE, Mr. RYUN of Kansas, Mr. SENSENBRENNER, Mr. SESSIONS, Mr. SIMPSON, Mr. SMITH of New Jersey, Mr. STEARNS, Mr. TANCREDO, Mr. TERRY, Mr. TURNER, and Mr. WILSON of South Carolina) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to improve health care choice by providing for the tax deductibility of medical expenses by individuals.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Health Care Freedom  
5       of Choice Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds the following:

8               (1) Current law confers a tax benefit for health  
9       insurance provided as an employee fringe benefit,  
10      but no similar tax benefit for health insurance pur-  
11      chased by individuals. Similarly, current law confers  
12      a tax benefit on third-party payment of medical ex-  
13      penses, but no similar tax benefit for most individ-  
14      uals’ direct payment of medical expenses. This has  
15      effectively promoted employer-provided third party  
16      payment systems and effectively discouraged direct  
17      doctor-patient relationships.

18              (2) The current tax treatment of medical ex-  
19      penses has significantly curtailed competition for  
20      both health insurance and health care services gen-  
21      erally. This has effectively increased the cost of  
22      health care and health insurance, which in turn has  
23      exposed people to greater health risks and made it  
24      more likely that individuals will go without needed  
25      care.

1           (3) The current tax treatment of medical ex-  
2           penses has restricted the freedom of individuals to  
3           exercise direct control over their health care dollars.  
4           The exclusion from gross income for employer-pro-  
5           vided health care plans with no corresponding tax  
6           benefit for health insurance and health care obtained  
7           by individuals (except the self-employed) constitutes  
8           a strong preferment for health care provided  
9           through employers' group plans as compared to  
10          health care that individuals purchase for themselves.  
11          This is why 90 percent of Americans under age 65  
12          with private health insurance receive it through their  
13          employer.

14          (4) Providing a tax benefit for employer-pro-  
15          vided plans, but not for individually-purchased  
16          health care, discriminates against individuals who  
17          work for companies that do not provide health bene-  
18          fits, individuals who are temporarily employed, and  
19          the disabled.

20          (5) In many cases, employers are not able to  
21          offer their employees a variety of health insurance  
22          plans. The Tax Code's provision of benefits for  
23          mostly employer-provided health insurance has dis-  
24          criminated against individuals who work for these  
25          employers, especially small businesses. This is why

1       90 percent of American businesses that provide  
2       health insurance offer employees the “choice” of  
3       only one health care plan. Americans who work for  
4       businesses with fewer than 25 employees are half as  
5       likely to have health coverage as those working for  
6       companies with 1,000 or more employees.

7           (6) The Tax Code’s preferment of employer-  
8       provided group plans has triggered a marketplace  
9       response reflected in the significant increases in  
10      large group health care delivery, and the creation of  
11      a few health care conglomerates in lieu of thousands  
12      of competitive providers of medical services and  
13      health insurance. This has increasingly placed med-  
14      ical decisions in the hands of health care bureauc-  
15      racies, and significantly eroded the doctor-patient re-  
16      lationship. Medical decisions should be returned to  
17      doctors and their patients. This will result in higher  
18      quality treatment and more patient protection.

19           (7) Consumers should have the freedom to pur-  
20      chase the health insurance of their choice, to choose  
21      their own doctors, and to make their own decisions  
22      about their health care.

23           (8) By putting the medical choices made by in-  
24      dividuals on an equal footing with the medical  
25      choices made for them by their employers and third

1 parties, the Tax Code can encourage greater choice  
 2 and competition, thereby reducing the cost of nec-  
 3 essary insurance for all Americans. This will enable  
 4 millions more Americans to obtain needed health  
 5 coverage, to make their own choices about which  
 6 doctors to see, and to have access to the quality care  
 7 they deserve and expect.

8 **SEC. 3. TAX DEDUCTIBILITY OF MEDICAL EXPENSES FOR**  
 9 **INDIVIDUALS.**

10 (a) IN GENERAL.—Section 213(a) of the Internal  
 11 Revenue Code of 1986 (relating to the treatment of med-  
 12 ical and dental expenses) is amended to read as follows:

13 “(a) ALLOWANCE OF DEDUCTION.—There shall be  
 14 allowed as a deduction the expenses paid during the tax-  
 15 able year, not compensated for by insurance or otherwise,  
 16 for medical care of the taxpayer, the taxpayer’s spouse,  
 17 or a dependent (as defined in section 152, determined  
 18 without regard to subsections (b)(1), (b)(2), and (d)(1)(B)  
 19 thereof).”.

20 (b) EFFECTIVE DATE.—The amendment made by  
 21 subsection (a) shall apply to taxable years beginning after  
 22 the calendar year which includes the date of the enactment  
 23 of this Act.

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